

PENTICTON & DISTRICT MULTICULTURAL SOCIETY
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Year Ended June 30, 2012

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Peter MacIntosh, BA, CA
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INDEPENDENT AUDITOR'S REPORT

To the Members of Penticton & District Multicultural Society

We have audited the accompanying financial statements of Penticton & District Multicultural Society, which comprise the statement of financial position as at June 30, 2012 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Operating as Incorporated Professionals through White Kennedy LLP

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Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Penticton & District Multicultural Society as at June 30, 2012 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

White Kennedy LLP

Penticton, British Columbia
March 25, 2013

CHARTERED ACCOUNTANTS

Pages 4 through 7 redacted for the following reasons:

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PENTICTON & DISTRICT MULTICULTURAL SOCIETY

Notes to Financial Statements

Year Ended June 30, 2012

1. NATURE OF OPERATIONS

Penticton & District Multicultural Society (the "society") is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act and as such is exempt from income taxes. The purpose of the Society is to facilitate immigrants' and naturalized Canadian citizens' adaptation and integration into Canadian society by offering mediation and settlement services. The Society offers programs and services to educate immigrants and naturalized Canadian citizens about Canadian laws, customs and community resources by offering workshops and other educational opportunities. These services are open to people regardless of their nationality, ethnicity, religion, language or abilities.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Future changes in significant accounting policies

The following accounting standards have been issued by the Canadian Institute of Chartered Accountants (CICA) but are not yet effective for the society. The society is currently evaluating the effect of adopting these standards, which it expects to do in fiscal year 2013.

The Accounting Standards Board will be implementing Part III of the CICA Handbook Accounting Standards for Not-for-Profit Organizations effective July 1, 2012. The society will be assessing the impact of the new standards on its financial statements over the next year. Early adoption is permitted for the new standards.

Fund accounting

Penticton & District Multicultural Society follows the deferral fund method of accounting for contributions.

The General Fund accounts for the society's program delivery and administrative activities. This fund reports unrestricted resources and unrestricted operating grants.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to Penticton & District Multicultural Society's property and equipment.

The Gaming Fund reports resources contributed from community gaming grants. The use of these funds is restricted to specific activities by the BC Gaming Policy and Enforcement Branch.

Cash and short term investments

Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Investments

Short term investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, are classified as held for trading and carried at fair value which approximates cost.

(continues)



2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Property and equipment

Property and equipment are stated at cost or deemed cost less accumulated amortization. Property and equipment are amortized over their estimated useful lives at the following rates and methods:

Furniture and fixtures	
Leasehold improvements	
Computer equipment	s21
Signage	

The society regularly reviews its property and equipment to eliminate obsolete items. Government grants related to the purchase of property and equipment are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Deferred Revenue

Deferred revenue is related to funds received from community gaming grants. The revenue is recognized in the year which the related expenses are incurred.

Revenue recognition

Penticton & District Multicultural Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Interest and other revenue are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Leases

Leases are classified as either capital or operating leases. At the time the society enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Examples of significant estimates include providing for amortization of property and equipment and the estimated useful lives of property and equipment.



PENTICTON & DISTRICT MULTICULTURAL SOCIETY

Notes to Financial Statements

Year Ended June 30, 2012

3. FINANCIAL INSTRUMENTS

Fair value

The society's carrying value of cash and cash equivalents, accounts receivable, accounts payable and provincial grants payable approximates its fair value due to the immediate or short term maturity of these instruments.

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9. ECONOMIC DEPENDENCE

The Society receives over 90% of the operating revenues from provincially funded programs, grants and fees for service. Should the funding programs and grants be curtailed, it is management's opinion that the services provided by the society would be greatly reduced or possibly cease.

10. CONTINGENT LIABILITY

The Society has contingent liability relating to the following:

A requirement to repay unspent funds received from the Province as stated in section 8.02 of the contract entered into by the Society. This section states "At the sole option of the Province, any portion of the Contract Price provided to the Contractor under this Agreement and not expended at the end of the Term shall be: (a) returned by the contractor to the Minister of Finance; or (b) retained by the Contractor as supplemental funding provided for under an amendment to the Agreement. The amount of repayment demand could be as high as 90% of the identified surplus. Neither the

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Pages 12 through 13 redacted for the following reasons:

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September 2013

Annual Report



**SOUTH OKANAGAN IMMIGRANT
AND COMMUNITY SERVICES**

SOICS IS DEDICATED
TO BUILDING
A RESPECTFUL
AND WELCOMING
COMMUNITY.

While working with other community resources, SOICS helps immigrants get settled, find careers and learn all they need to know about their new country. We work with newcomers to help them realize the full potential of their lives in Canada.

Change, Challenge and Opportunity

I would like to take this opportunity to thank staff and the board of directors for all their hard work and commitment to PDMS/SOICS this year. It has been a year of change, challenge and opportunity. The majority of staff and directors were new to their roles last September. Yet they have come together to make our clients feel part of a vibrant, welcoming, multi-cultural community, as they avail themselves of the many services offered in our offices in Penticton and Oliver.

Staff have faced the challenge of preparing for the transition from Provincial to Federal government funding. In the face of uncertainty, they have provided excellent service. They have met the varied needs of individual clients with enthusiasm and by seeking out innovative practices.

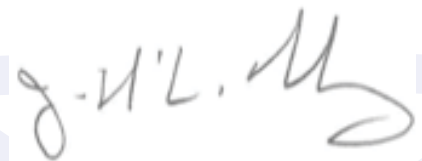
This has been a challenging year for the board too. Confronted by legal and financial issues arising from the past, the directors have approached each one with tenacity and dedication, determined to preserve and protect the values of the Society. At this point many obstacles have been overcome and the Board remains committed to a high standard of governance in resolving the remainder over the coming months.

We are looking forward to the 2013/14 session with optimism. The number of students enrolled in our ELSA classes continues to increase. Our offices are constantly busy offering Settlement advice to more than 1,300 clients. We have developed constructive relationships with the local schools. We have

more than doubled the number of members in our Society and will benefit from their diverse backgrounds and talents.

Our Welcoming Communities Project continues to build links and networks with other businesses and agencies in the region. With time, it promises to help build a more open environment where new immigrants will feel accepted in the workforce and the community at large. It will draw on the good will and generous spirit that abounds throughout the South Okanagan.

Staff and directors came together this year to review the mission, vision and values of the Society and to set new directions for the future. We can now move forward together to embrace change, challenge and opportunities with confidence and a new sense of purpose in developing excellent immigration services to best meet the needs of our clients.



Jean Makosz
Board of Director's Chair

Executive Director's Report

It has been a year of remarkable growth and progress at SOICS/PDMS. Among the most notable items are the upsurge in our language class attendance and the implementation of programs like ELSA 6/7, a higher level of English language training to ease the transition of newcomers into Canadian society. We are renewing our commitment to Settlement Workers in Schools (SWIS) and the Skills Connect program. They have been received with a tremendous response by our partners and clients.

Our Settlement and Integration Programs remain strong and we continue to meet and exceed our targets. We maintain our commitment to staff through programme specific training and improved wages and benefits. We have maintained our commitment to our provincial funders through fiscal responsibility and meeting our contractual obligations. We have also rebuilt relations with other settlement agencies throughout the Okanagan and Lower Mainland, including Okanagan College, Kelowna Community Resources, the RCMP, and WorkBC.

We have completed our proposals to the Federal Government as part of the repatriation of our ministry from provincial to federal hands. Our applications have passed the first phase of acceptance and I look forward to the upcoming stages of the process. We

are also working to meet the needs of new clients through upcoming Federal initiatives like overseas employment services and refugee settlement.

I want to thank all the staff for their dedication to our clients, programs, and each another. You helped support me in my new role and our success this past year speaks to your incredible determination, capability, and integrity. For that I am grateful.

It has been a very busy and rewarding year. I look forward to working with the Board and Society members in the future.

Thank You.



Anka Novosel

Anka Novosel
Executive Director

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English Language Services for Adults (ELSA)

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The enrollment in ELSA classes has more than doubled and finds students from a variety of countries and continents. As of September 2013, we now offer ELSA classes up to Level 6-7, which provides students with an intensive introduction to Canadian language and culture. ELSA classes bring students from China, Korea, Thailand, Cambodia, Vietnam, Seychelles Islands, India, Pakistan, Serbia, Czech Republic, Poland, Paraguay, Peru, Brazil, and Portugal, into the Canadian community.

ELSA classes focus on speaking and listening skills to ease language transition into the community. As part of that program, the students take on a variety of activities from museums and art galleries to fun at the beach and swimming and skiing. The students involve themselves in the community and the community is invited to involve itself in our classes. We welcome speakers from local politicians to students from the Sprott Shaw College International Studies Program. The ELSA program serves an important role in the community.

The ELSA students are adults of all ages willing to stretch their own abilities to reach and to achieve their goals in Canada. The variety of students is equaled to the variety of Canadians. We have many proud examples:

A client who was interested in becoming an ^{s22} began attending ELSA

classes; ^{s22} She gained confidence in her English and in her interactions in the community through class and fieldtrips. We helped her source industry training and encouraged her through her training. After approximately ^{s22} she was ready to begin looking for work. Staff, volunteers, and fellow clients joined in preparing her for interviews.

73
ELSA students from
20
Countries

^{s22} was having difficulty integrating into the school system and was becoming discouraged due to educational, family and financial instability. Because he was eligible for SWIS, Settlement and ELSA services, staff and volunteers worked together. ^{s22}

^{s22}

**Alex Grace
Ruth Wiseman
Geody Amaya**

English Language Instructors

Settlement Services

3277

Services Provided

10

Staff Languages

16

Workshops

931

Clients Served

68

Countries of Origin

188

Workshop Clients

Settlement Services in Penticton:

Over the past year, we have served 931 clients by providing Assisted Access to Services (e.g. Renewal of Permanent Resident Card, Urgent Processing of PR Card, Citizenship Application, Application Status, Child Tax Benefits, Provincial Applications e.g. BCID, BC Services Card, MSP, Birth Registrations and many more), Counseling Services, Quick Information & Referral to other resources; and the complete SOICS services orientation

Changing Trend:

There was a notable increase in inquiries about Citizenship applications due to the introduction of a higher language requirement in November 2012.

Settlement Services in Oliver

In 2011, SOICS served 384 unique clients from the Oliver-Osoyoos area. In 2012, 476 unique clients were served, an increase of almost 34%. In 2013, in the first seven months, 400 clients were served. Comparatively, this is a further increase of 33%. We attribute the steady increase in unique client visits to the stability of core staff in the office. Clients are assisted with professionalism and are empowered by the relationships they forge with staff.

One Day Workshops:

During this year, 17 Topical Workshops were organized. These workshops covered a wide variety of topics based on client needs. Topics ranged from Mental & Physical Health e.g. Mental Wellness, Dementia, Arthritis, Reading Food Labels to general awareness like Pedestrian Rules, Finance & Investment, Income Tax Overview and Seniors Benefits & Services. Local Pharmacists also participated and volunteered to do Blood Pressure check ups and Diabetes Screening.

Workshop Series:

Our Life Skills Workshop series was offered in Computer Literacy, Essential Skills, Employment Access to the Job Market and Community Orientation. The workshop on Computer Literacy was so popular that it was offered three times within a year. In addition to the above workshops, a whole new workshop was also organized on Making My Service Canada Account, Making an Account on the CRA website, Employment Insurance Applications and Reporting online, which was greatly appreciated by the clients.

Upkar Grewal
Gurtej Kang
Corinne Jannow
Settlement Staff

Settlement Workers in Schools

Over the previous 8 months, SWIS focused its services to simultaneously work in two major areas: First, by enhancing school staff understanding of different cultures and the needs of diverse immigrants. Second, by exposing families to available school resources and encouraging newcomer families to utilize them.

In order to reach out to as many clients and insure that SWIS services are readily accessible, SWIS maintained weekly visits in schools and remained in regular contact with principals and school administrators. Our efforts have been so successful that we have more than doubled our targets for the past academic year.

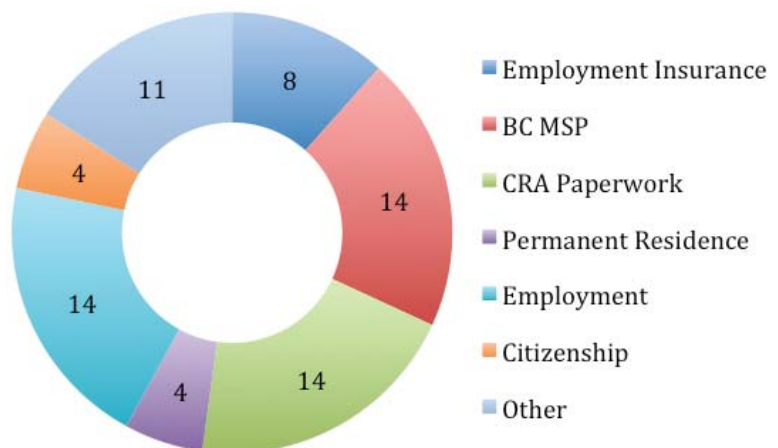
Workshops were offered during the slow agricultural season to attract as many parents and caregivers as possible. One of the workshops specifically focused on providing information about School Resources to the Spanish-speaking immigrants. These workshops are an avenue to encourage the families to communicate with the school staff (i.e. suggestions, concerns, etc.) SWIS attended the school staff meetings to share the dynamics and demographics of Indo-Canadian immigrants, the social settings of new immigrant families, and how the amended immigration rules will affect the Family Class immigrant trends.

The SWIS program provided scholarships to high school students from immigrant families who are pursuing post-secondary education. Future initiatives include encouraging parents to participate in the PAC meetings, continue integrating in the Canadian school system and approaching teachers directly, despite pre-existing cultural and language barriers.

Tahira Saeed
SWIS Program Co-ordinator

Vulnerable Immigrant Populations

The Vulnerable Immigrant Population Program (VIPP) aims to enhance settlement services to immigrants living in remote and rural areas. 167 services were provided to 61 clients in Keremeos and Cawston. Of those 61 clients, 45 were eligible under this program, resulting in 69 VIPP services provided. A breakdown of these services can be seen in the chart on the right:



Employment Services Report

Labour Market:

The primary goal of the Labour Market Mentorship Program is to connect local professionals (mentors) with immigrants. The mentors are then able to share their experiences and wisdom with the immigrants to help them reach important career goals.

Over the past year, we have created 7 employment mentorship matches:

- Accountant
- Dentist x2
- Bank Manager
- Entrepreneurship Coach x2
- General Employment

Mentorship Client Profile:

A recently landed immigrant came into our office looking for help regarding her career.

s22

s22 who wanted to work in her field in Canada, but did not know what steps she needed

to take to get licenced. After doing some research and determining which courses and exams she would be required to take, we

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career in Canada. In addition to providing her with information and guidance regarding the licencing process, s22

s22

s22

while allowing her to examine the new technological equipment they use on a daily basis.

Community Image/Branding

This year we spent some time bolstering our image in the community through rebranding our flyers, postcards, bags, pens and other promotional materials. We also developed a new website with staff input & support.

Deep Phachu

Employment Services Staff

Welcoming Communities

This year SOICS applied for and received a Provincial grant towards building a Welcoming Communities program for Penticton and area. Through the Welcoming Communities program, we will raise our community awareness and skill set to further attract, welcome and retain new immigrants. Our program coordinator will address a number of initiatives including workplace training, community presentations, signage, tool kits, media messaging, and a community art project. Currently we are in planning stages, with the

intention to launch later this fall. With the support of numerous partners, including the City of Penticton, Chamber of Commerce, Downtown Penticton Association, the Art Gallery, Okanagan College and the South Okanagan Volunteer Centre, we expect our overall message and impact to be wide spread. There is a common agreement that the benefits to increasing the number of new immigrants to our area, both from a social and economic perspective, will be significant.

Nora Hunt Haft

Welcoming Communities Co-ordinator

Skills Connect

We had 34 clients participate in the Skills Connect program in the past year who have obtained training and education in areas of their expertise. In order to promote SkillsConnect for newcomer immigrants we performed the following:

- Created Skills Connect program brochures and distributed extensively in Penticton and Oliver.
- Increased promotion of Skills Connect among local businesses and restaurants
- Attended Business after Business events promoting Skills Connect & SOICS in the community
- Increased our Mentoring/Job Shadowing practicum opportunities for Skills Connect clients.

Chris Hartt

Skills Connect Co-ordinator

Skills Connect Client Employment Fields:

Health Care Assistant

Accountant/Bookkeeper

Aircraft Repair Technician

Medical Office Administration

Personal Lifestyle Coach

Dentist

Civil Lawyer

s22

s22 *She used the Skills Connect for Immigrants Program to help her with her training. She is very grateful for the support that SkillsConnect provided her and encourages others to take advantage of this program.*

s22

s22

Community Connections Report

Community Connections programs are complementary to our Settlement, ELSA, and Employment programs. We offered mentorship, tutoring and support for adults and youth through the work of our dedicated volunteer mentors and tutors. Our holistic approach offers individual assistance for community integration.

This year the Multicultural Buddy program supported and worked with children and youth from eight different schools. We supported newcomer youth at Penticton High School and organized the Pen High Multicultural Festival. We completed a You Tube video project for the Day of Elimination of Racism with Skaha Lake Middle School that focused around inclusion and friendship.

Over the past year we have seen an increase in the number of volunteers in Penticton and Oliver. Volunteers mentored, on average month 18 newcomer clients. Some matches have been continuous over the year. Many of the matches are short term to meet the changing needs of our clients.

Some mentor matches:

- To study for Language Proficiency Index
- To help with computer Learning
- To study for a Learner's License
- General Tutoring
- Assistance accessing services (General Mentor)
- Translator or Interpreter
- To practice conversational English

We introduced swimming lessons with the Community Connections program over the months of

June & July. It was very successful and had many regular clients attending every Monday and Wednesday at the Community Centre Pool.

During the months of July and August we ran a Conversation Club, led by five tutor/mentor volunteers on Tuesday, Thursday, and Friday from 10am to 11:30am. We also organized a field trip to a local Cherry Orchard to pick cherries.

The Community Connections program collaborated with many other organizations to put on events like:

1. The Respect Network Diversity workshop series (as co-organizer)
2. The SOICS Open House (as host)
3. Naramata Centre Community Conversation: Responding to Racism & Exploring Our Values (as guest speaker)
4. SOICS Diversity Health and Fitness Fair (as host)
5. South Okanagan Similkameen Volunteer Centre training (as speaker)
6. Volunteer Appreciation event (as an organizer)
7. Summerland Food bank Open House (as guest & supporter)

50

Community volunteers

61

Volunteer mentors

30

Youth Mentored

Angelika Eneas

Community Connections Co-ordinator

Pages 27 through 28 redacted for the following reasons:

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Community Supporters



Community Supporters

Alzheimer Society - Laurie Myres	Penticton Art Gallery
Bear Aware Penticton	Penticton City Centre Gym
Bereavement Resource Centre - Kelly Phipps	Penticton City Hall - Mayor & Council
Boys & Girls Club - Jennifer Anderson	Penticton Fire Station
Canadian Arthritis Society s22	Penticton Health Centre
Canadian Blood Services	Penticton Herald
Canadian Cancer Society	Penticton Indian Band - Chief & Council
Canadian Mental Health Association	Penticton Library
Canadian Red Cross - Help Depot	Penticton Museum
Cannery Springer's Gymnastics Club	Penticton Regional District Society
Chamber of Commerce	Penticton Regional Hospital
Communities for Kids	Penticton School of Dance
Community Action Plan for Children	Penticton Seniors Drop-in Centre Society
Community Centre	Penticton Sikh Temple
Community Futures	Penticton Western News
Court Services	Peoples Law School
Crime Stoppers	Portuguese Canadian Cultural Society
Dan Albas (MP)	Purple Lotus Yoga
Downtown Penticton Association - Barb Haynes	RCMP
En'owkin Centre - Tracey Bonneau	Reflexions Studio
Foot Prints to Technology	S.S Sicamous
Get Bent Arts & Recreation	Saint Ann's Parish
German Club	Saint John's Ambulance
Justice Theatre	Salvation Army
Lakeside Fitness	School District No. 67
Leir House	Service BC
Literacy Now	South Okanagan Community Literacy Society
Loblaw's Pharmacy	South Okanagan Home Care
Ministry of Family & Children	South Okanagan Seniors Wellness Society
Ministry of Jobs, Training & Skills Training and Responsible for Labour	South Okanagan Similkameen Brain Injury Society
Nature's Fare	South Okanagan Similkameen Volunteer Centre
Okanagan College	South Okanagan Victim Assistance Society
Okanagan Martial Arts Academy	South Okanagan Women in Need Society
Oliver & Penticton Family Hub	Sprott Shaw College
Oliver Chronicle	Summerland KVR
Oliver Parks & Recreation	Summerland Municipal Hall - Janice Perrino
Oliver Town Hall - Mayor Ron Hovaness	Sunrise Pharmacy
Ooknakane Friendship Centre	The Gym
Osoyoos City Hall - Mayor Stu Wells	Valley Wide Tae Kwon Do
Osoyoos Indian Band - Chief & Council	Veterans Affairs
Penticton & Area Women's Centre	Whole Foods Market
Penticton & District Community Resources Society	YMCA WorkBC Services Centre







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INDEPENDENT AUDITOR'S REPORT

To the Members of Penticton & District Multicultural Society

We have audited the accompanying financial statements of Penticton & District Multicultural Society, which comprise the statement of financial position as at June 30, 2013 and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

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Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(continues)

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Penticton & District Multicultural Society as at June 30, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Comparative Information

Without modifying our opinion, we draw attention to Note 2 to the financial statements which describes that Penticton & District Multicultural Society adopted Canadian accounting standards for not-for-profit organizations on July 1, 2012 with a transition date of July 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statements of financial position as at June 30, 2012 and July 1, 2011 and the statements of revenues and expenditures, changes in net assets and cash flows for the year ended June 30, 2012 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

White Kennedy LLP

Penticton, British Columbia
September 21, 2013

CHARTERED ACCOUNTANTS

Pages 37 through 40 redacted for the following reasons:

s21

PENTICTON & DISTRICT MULTICULTURAL SOCIETY

Notes to Financial Statements

Year Ended June 30, 2013

1. PURPOSE OF THE SOCIETY

Penticton & District Multicultural Society (the "society") is incorporated under the Society Act of British Columbia and is a registered charity under the Income Tax Act and as such is exempt from income taxes. The purpose of the Society is to facilitate immigrants' and naturalized Canadian citizens' adaptation and integration into Canadian society by offering mediation and settlement services. The Society offers programs and services to educate immigrants and naturalized Canadian citizens about Canadian laws, customs and community resources by offering workshops and other educational opportunities. These services are open to people regardless of their nationality, ethnicity, religion, language or abilities.

2. FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

During the year the Society adopted Canadian accounting standards for not-for-profit organizations (ASNFPPO). These financial statements are the first prepared in accordance with these standards. The adoption of ASNFPPO had no impact on net assets as at July 1, 2011 or revenues and expenditures or cash flows for the year ended June 30, 2012 as previously reported in accordance with pre-changeover Canadian generally accepted accounting principles.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Fund accounting

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Cash and cash equivalents consist primarily of commercial paper and deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Investments

Short-term investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve months, were, prior to the adoption of Canadian accounting standards for private enterprises, classified as held for trading and carried at fair value which approximated cost. As described in Note 2, the Society has adopted new accounting standards during the year and accordingly, short-term investments are now carried at amortized cost. The fair value of short-term investments held at the date of transition became their deemed cost.

(continues)

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Property and equipment

Property and equipment is stated at cost or deemed cost less accumulated amortization. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Furniture and fixtures	
Leasehold improvements	
Computer equipment	s21
Signage	

The Society regularly reviews its property and equipment to eliminate obsolete items. Government grants related to the purchase of property and equipment are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Deferred revenue

Deferred revenue represents portions of government funding payments that are received at the onset of a new contract as a signing bonus. This signing bonus is recognized over the term of the contract as it is earned.

Revenue recognition

Penticton & District Multicultural Society follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Interest and other revenue are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Leases

Leases are classified as either capital or operating leases. At the time the Society enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates. Examples of significant estimates include providing for amortization of property and equipment and the estimated useful lives of property and equipment.

PENTICTON & DISTRICT MULTICULTURAL SOCIETY

Notes to Financial Statements

Year Ended June 30, 2013

4. FINANCIAL INSTRUMENTS

Fair value

The Society's carrying value of cash and cash equivalents, accounts receivable, accounts payable and provincial grants payable approximates its fair value due to the immediate or short term maturity of these instruments.

5. ACCOUNTS RECEIVABLE

	<u>2013</u>	<u>2012</u>
Grants receivable	\$ 148,000	\$ 132,053
H.S.T. receivable	16,905	15,667
Accounts receivable - other	733	-
	<u>\$ 165,638</u>	<u>\$ 147,720</u>



s22

s22

s22
s21

s22

10. ECONOMIC DEPENDENCE

The Society receives over 90% of the operating revenues from provincially funded programs, grants and fees for service. Should the funding programs and grants be curtailed, it is management's opinion that the services provided by the Society would be greatly reduced or possibly cease.

11. CONTINGENT LIABILITY

The Society has a contingent liability relating to the following:

A requirement to repay unspent funds received from the Province as stated in section 8.02 of the contract entered into by the Society. This section states "At the sole option of the Province, any portion of the Contract Price provided to the Contractor under this Agreement and not expended at the end of the Term shall be: (a) returned by the contractor to the Minister of Finance or (b) retained by the Contractor as supplemental funding provided for under an amendment to the Agreement. The amount of repayment demanded could be as high as 90% of the identified surplus from prior years.

s16

-

Page 45 redacted for the following reason:

s21

Calderhead, Steve JTST:EX

From: Chiu, Vicki W JTST:EX
Sent: Wednesday, February 19, 2014 8:52 AM
To: Calderhead, Steve JTST:EX; Dudley, Alison JTST:EX
Subject: FW: Penticton and District Multi Society aka SOICS

Another piece of email that traces back to last year - how the branch intends to deal with the ongoing accumulating surplus

Vicki

From: Turchet, Karin MIT:EX
Sent: Tuesday, February 18, 2014 5:06 PM
To: Chiu, Vicki W JTST:EX
Subject: FW: Penticton and District Multi Society aka SOICS

Regards,

*Karin Turchet
(604) 660-1503*

From: Ahn, Sohee JTST:EX
Sent: Wednesday, April 10, 2013 8:56 AM
To: Swib, Lucy JTST:EX
Cc: Turchet, Karin JTST:EX
Subject: RE: Penticton and District Multi Society aka SOICS

Yes okay with the approach to contact the ED.

s13, s17

Sohee Ahn
(250) 356-1126

From: Swib, Lucy JTST:EX
Sent: Tuesday, April 9, 2013 2:54 PM
To: Ahn, Sohee JTST:EX
Cc: Turchet, Karin JTST:EX
Subject: Penticton and District Multi Society aka SOICS

Hi Sohee, just bringing you in the loop on our work with the above noted contractor. PDMS was asked to provide an audited financial statement as per their contractual obligations, (audited financial statement required given the number of contracts PDMS holds with the Branch). Additional financial information was also requested with respect to their ELSA program as performance has been below target, however improving in recent months.

A review of the audited statement for the last operating year shows a significant surplus of approximately \$322K, from the ELSA related documentation received from the contractor we can attribute about \$110K to our ELSA programming and will need to do further analysis with the contractor on the source of the balance of the surplus. The contractor does have revenue from other sources, however funding from the Branch constitutes a significant portion of their budget.

Our next step is to contact the Contractor and work with them to identify the source of the remaining surplus and the amount attributable to our programming. We will then work with the contractor to determine the least disruptive way to recover the agreed upon amount

s13, s17

s13, s17

s13

^{s13} Before Karin and Steve contact the ED, just want to make sure you were informed and OK with this approach. Please advise before we proceed.

NR

Thanks, Lucy

Lucy Swib
Director
Immigrant Integration Branch
Ministry of Jobs, Tourism, Skills Training & Minister Responsible for Labour
(p) 604 775-0458
(f) 604 775-0670

This message may contain information that is privileged and confidential. If you have received this message in error, please notify me immediately and delete the original transmission without making a copy.

Calderhead, Steve JTST:EX

From: Chiu, Vicki W JTST:EX
Sent: Monday, January 13, 2014 8:31 AM
To: Calderhead, Steve JTST:EX
Subject: RE: SOICS Reserves Penticton service provider

Thanks Steve.

s13, s17

s13, s17

Vicki

-----Original Message-----

From: Calderhead, Steve JTST:EX
Sent: Thursday, January 9, 2014 4:24 PM
To: Chiu, Vicki W JTST:EX
Subject: RE: SOICS Reserves Penticton service provider

Vicky,

Here's a draft of what I propose to send to jean:

HI Jean,

s13, s17

Thank you for your patience in this matter.

Regards,

Steve Calderhead
Contract Manager
Manager, Procurement and Contract Management Ministry of Jobs, Tourism and Skills Training
Immigrant Integration Branch 5th Floor, 605 Robson St Vancouver BC V6B 5J3
604 775-0594
Steve.Calderhead@gov.bc.ca

-----Original Message-----

From: Chiu, Vicki W JTST:EX
Sent: Thursday, January 9, 2014 2:32 PM
To: Calderhead, Steve JTST:EX
Subject: RE: SOICS Reserves Penticton service provider

Hi Steve:

Thanks for joining the meeting and providing all the background. If you think it is necessary, we could have a huddle on Monday before you get back to SOICS. Or if you like, feel free to get back to Jean now to let her know
would consider their proposal

s13, s17

s13, s17

s13, s17

s13, s17

That would also mean that they will have to give us a description of and proposed budget for such activities.

Vicki

-----Original Message-----

From: Calderhead, Steve JTST:EX
Sent: Wednesday, January 8, 2014 11:03 AM
To: Cockburn, Derek P CSCD:EX
Cc: Chiu, Vicki W JTST:EX
Subject: FW: SOICS Reserves Penticton service provider

He Derek,

I am the Contract Manager for this service provider. Wilma Clark, I believe sent you some documents regarding this agency and the issue of unspent Ministry funds residing in the agency's bank account.

s13, s17

I have been asked to contact you to discuss the matter.

Could you give me a time in which we could talk.

Regards,

Steve Calderhead
Contract Manager
Manager, Procurement and Contract Management Ministry of Jobs, Tourism and Skills Training
Immigrant Integration Branch 5th Floor, 605 Robson St Vancouver BC V6B 5J3
604 775-0594
Steve.Calderhead@gov.bc.ca

-----Original Message-----

From: Jean Makosz s22
Sent: Sunday, January 5, 2014 2:52 PM
To: Turchet, Karin JTST:EX; Calderhead, Steve JTST:EX
Cc: Anka Novosel; Renata Wojcicka
Subject: Re: SOICS Reserves

Hi, Karin - As S.O.I.C.S. has cleared the first hurdle and is heading into final negotiations with the Federal Government, the Board would like to revisit the discussions outlined in your e-mail below. Can you please indicate if you will be available to talk further with us on this topic in the next few weeks?

I have also copied this e-mail to Renata Wojcicka who is the Chair of our Finance Committee.

Best wishes for a successful 2014,

Jean Makosz
Board Chair

----- Original Message -----

From: "Karin JTST Turchet:EX" <Karin.Turchet@gov.bc.ca>
To: "Jean Makosz" s22
Cc: "Steve JTST Calderhead:EX" <Steve.Calderhead@gov.bc.ca>, "Ruth Habana-Baladhay" <admin@soics.ca>, "Anka Novosel" <ed@soics.ca>
Sent: Tuesday, 6 August, 2013 12:40:23 PM
Subject: RE: SOICS Reserves

Hi Jean,

Thank you for sending in the financial information and reserve planning documents as requested. We have reviewed the plan as presented and have identified some items that would definitely not be allowable under our funding agreements. s13, s17

s13, s17

We look forward to continuing this discussion in the coming months. Please let me know if you have any further questions.

Regards,

Karin Turchet

Manager, Procurement and Contract Management Ministry of Jobs, Tourism and Skills Training
Immigration Policy and Programs Branch 5th Floor, 605 Robson St Vancouver BC V6B 5J3 Direct
Line: 604-775-0736 Fax: 604-775-0670
Email: Karin.Turchet@gov.bc.ca

This message may contain information that is privileged and confidential. If you have received this message in error, please notify me immediately and delete the original transmission without making a copy.

-----Original Message-----

From: Turchet, Karin JTST:EX
Sent: Monday, July 29, 2013 1:07 PM
To: 'Jean Makosz'
Cc: Calderhead, Steve JTST:EX
Subject: RE: SOICS Reserves

Thank you for the update, Jean. I hope to get an email response out to you this week on the reserves issue. Thanks!

Karin Turchet

Manager, Procurement and Contract Management
(604) 775-0736

-----Original Message-----

From: Jean Makosz s22
Sent: Thursday, July 25, 2013 2:52 PM

To: Turchet, Karin JTST:EX; Calderhead, Steve JTST:EX
Subject: SOICS Reserves

Hi, Karin -

s21

s21

Cheers,

Jean

Calderhead, Steve JTST:EX

From: Jean Makosz s22
Sent: Tuesday, July 16, 2013 12:14 PM
To: Turchet, Karin MIT:EX
Cc: Anka Novosel; Calderhead, Steve JTST:EX
Subject: SOICS Reserves

Hi, Karin - In answer to your questions,

s21

s21

The Board has not yet reviewed or approved the final budget for 2013/2014 (this will occur at our meeting next Monday) in which case we will advise you immediately of any necessary adjustment.

s21

I hope I have answered your questions fully. If you need further information, please let me know.

Sincerely,

Jean

Calderhead, Steve JTST:EX

From: Turchet, Karin JTST:EX
Sent: Monday, October 28, 2013 12:15 PM
To: Chiu, Vicki W JTST:EX
Cc: Calderhead, Steve JTST:EX; Clarke, Wilma EDUC:EX
Subject: FW: SOICS Reserves
Attachments: RE: SOICS Reserves

Hi Vicki,

Further to our kitchen conversation, here's the most recent correspondence with PDMS/SOICS in regards to the surplus. Please let Steve (or me) know if you have any questions. Thanks!

Karin Turchet
(604) 775-0736

-----Original Message-----

From: Jean Makosz s22
Sent: Wednesday, August 7, 2013 10:31 AM
To: Turchet, Karin JTST:EX
Subject: Re: SOICS Reserves

Thanks for getting back to us, Karin. I too look forward to a resolution in the coming months.

Regards,

Jean

----- Original Message -----

From: "Karin JTST Turchet:EX" <Karin.Turchet@gov.bc.ca>
To: "Jean Makosz" s22
Cc: "Steve JTST Calderhead:EX" <Steve.Calderhead@gov.bc.ca>, "Ruth Habana-Baladhay" <admin@soics.ca>, "Anka Novosel" <ed@soics.ca>
Sent: Tuesday, August 6, 2013 12:40:23 PM
Subject: RE: SOICS Reserves

Hi Jean,

Thank you for sending in the financial information and reserve planning documents as requested. We have reviewed the plan as presented s21

s21

We look forward to continuing this discussion in the coming months. Please let me know if you have any further questions.

Regards,
Karin Turchet

Manager, Procurement and Contract Management Ministry of Jobs, Tourism and Skills Training
Immigration Policy and Programs Branch 5th Floor, 605 Robson St Vancouver BC V6B 5J3 Direct
Line: 604-775-0736 Fax: 604-775-0670
Email: Karin.Turchet@gov.bc.ca

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-----Original Message-----

From: Turchet, Karin JTST:EX
Sent: Monday, July 29, 2013 1:07 PM
To: 'Jean Makosz'
Cc: Calderhead, Steve JTST:EX
Subject: RE: SOICS Reserves

Thank you for the update, Jean. I hope to get an email response out to you this week on the reserves issue. Thanks!

Karin Turchet
Manager, Procurement and Contract Management
(604) 775-0736

-----Original Message-----

From: Jean Makosz s22
Sent: Thursday, July 25, 2013 2:52 PM
To: Turchet, Karin JTST:EX; Calderhead, Steve JTST:EX
Subject: SOICS Reserves

Hi, Karin - s21

s21

Cheers,

Jean